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ADDRESS OFFICIAL COMMUNICATIONS TO  
THE DIRECTOR OF  
PSYCHOLOGICAL STRATEGY BOARD  
WASHINGTON 25, D. C.

**SECURITY INFORMATION**

**PSYCHOLOGICAL STRATEGY BOARD**

**WASHINGTON**

**MAR 20 1952**

**MEMORANDUM FOR:** General Walter Bedell Smith  
Director of Central Intelligence

**SUBJECT :** Psychological Strategy Planning for  
Southeast Asia

The NSC Senior Staff is at present engaged in the preparation of a policy paper for Southeast Asia. I am of the opinion that the concurrent preparation of a psychological strategy plan, in implementation of this policy paper, for submission to the PSB is justified by the importance and urgency of the situation.

I recognize that such preparation might be considered premature under normal circumstances but, if approved by the Board, the closest coordination will be maintained with the NSC Staff and those preparing the NSC Senior Staff paper.

Tab "A" (attached) also deserves brief mention. It is a staff paper intended to survey some of the more relevant background material. As such, I believe that it will be useful. It should not, however, be assigned any authoritative finality.

You will note that consideration of a plan for Southeast Asia is one of the items on the Agenda for the PSB Meeting to be held on March 27, at which time I hope that the Board will approve the recommendations contained in the attached staff study.

*R.B. Allen*  
Raymond B. Allen  
Director

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**Attachment:** Tab "A"

Southeast Asia - Outline of  
Strategic Factors, 3/19/52  
PSB D-23, Copies 40 to \_\_\_\_.

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PSB D-23

March 19, 1952

PSYCHOLOGICAL STRATEGY BOARD  
WASHINGTONStaff Study on Psychological Strategy Planning  
Tasks with Regard to Southeast AsiaI. PROBLEM

To determine PSB strategic planning tasks with regard to Southeast Asia,

II. ANALYSIS

See Tab A,

III. CONCLUSIONS

A. Southeast Asia, a region of vital strategic importance to the United States, is in serious danger of falling under communist domination.

B. Without developing the active cooperation of nationally-oriented Asian groups, Southeast Asia probably cannot be saved from communist domination. With the cooperation of these groups, further communist advances might be held in check providing there is no overt Chinese attack. Even in the event of large-scale Chinese invasion of Southeast Asia, much can be done to impede the invasion providing the cooperation of anti-communist groups has been obtained or developed on an adequate scale, and providing these groups are properly organized, led and supported.

IV. RECOMMENDATIONS

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1. That the Director be authorized by the Psychological

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NSC review(s) completed.

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Strategy Board to develop a psychological strategy plan for Southeast Asia in implementation of the NSC policy paper which is now in preparation in response to NSC action No. 614-c.

2. That, because of the urgency of the situation, work on the above-mentioned psychological strategy plan proceed concurrently, insofar as possible, with the development of the NSC policy paper just mentioned.

Attachment:

Tab A - Southeast Asia -- Outline of  
Strategic Factors, 3/19/52.



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Assistant Director  
Office of Plans and Policy

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TAB A

 PSYCHOLOGICAL STRATEGY BOARD  
 WASHINGTON, D. C.

March 19, 1952

SOUTH EAST ASIA--OUTLINE OF STRATEGIC FACTORSINDEX

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SUMMARY

South East Asia is strategically important because of its location, its economic potential, and in a psychological sense because of the emergence after the war of new political entities from the previous European colonies. The latter, now struggling to establish a firm foundation for their new independence, present an important problem to the West. Unrest and disturbance arise in part from anti-colonialism

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and nationalism, which are strong forces against continued Western influence. Without it, however, they seem almost certain to fall to Soviet Communism, either local or Chinese, because of the lack of unifying factors among them.

The several countries concerned have little of a positive nature in common; they vary widely in cultural and historical background. The European powers concerned with the area have adopted somewhat different policies also. The most important immediate problem is that of Indo-China, where Communist success is imminent due to deterioration of the military situation and the difficulties of improving the political situation. Nonetheless, Indo-China cannot be considered apart from its regional setting, which will be profoundly affected by both Free World and Communist strategy and by the final outcome in that country.

Japanese economic recovery is linked to this area, which furnishes both raw materials and markets for Japanese industry.

South and South East Asia have in common a standard of living lower than those of pre-war times; population increases and political instability have seriously hindered reconstruction.

## I. GENERAL FACTORS

### A. Geographic

Geographically, South East Asia marks a point of longitudinal world division. Its control means permission or denial of the quickest surface connection between the Indian and Pacific Oceans. With this area in anti-Western hands, Australia would be isolated from Asia and directly threatened, and India would be virtually lost. For the Communists, it would be a great step towards envelopment of Europe; the effect of the addition of more non-Europeans to the present Asiatic Communist states would be an important factor in Communist

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ability to "persuade" other Asiatic and African peoples to see their brand of light.

By South East Asia is meant:

Indo-China (Associated States)  
Thailand  
Burma, Union of  
Malaya  
Philippine Republic  
Indonesia

and various less important colonial possessions, as

New Guinea  
Borneo  
Sarawak  
Timor

This means that in addition to the indigenous races, residing in these areas, the British, French, Dutch, Portuguese and Australians are directly concerned. The Chinese regimes are likewise involved because of Chinese emigrants to these areas.

B. Cultural

Ethnically and linguistically a large range is covered; in no case do national or colonial boundaries exactly coincide with ethnic or cultural limits, though Thailand is the nearest to homogeneity.

Culturally the general region has received strong Indian, Chinese, and Mohammedan influences from the Asiatic side, while European and American commercial and educational influences have been active more recently. It appears that only certain parts of Indonesia, New Guinea and Borneo are relatively pristine in this respect.

C. Historic

The diversity of peoples and their background is compensated for somewhat by their more recent political experience in the European colonial system. Thailand is the only exception in this

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region. It is not an exception to the generality of Japanese occupation at the start of the Second World War. The Japanese get the credit or blame for making physically possible the several anti-colonial movements, by their giving arms to the local populations before surrendering to the Allied Forces at the end of the war. The strength of the several independence movements reflects the basic anti-colonial drive common to all parts of the area, though it has been considerably dissipated by local autonomy and, in some areas, by Communist subversion of the movement. The "nationalism" or positive aspect of the drive has in some areas been nullified by localism (Burma, Indo-China), and in others intensified by continued European intervention, justified or not (Indonesia, Indo-China).

In addition to diverse cultural influences, South East Asia has historically experienced a variety of political control. Generally, it has been imposed from outside, the most important having been Chinese. Local political power has never been area-wide, though the Cambodian kingdom of a thousand years ago exercised a considerable sphere of influence in the present Thailand and Indo-China. There exists in this area no historical example of indigenous political influence successful in controlling the whole region, nor even of collective action to repel invasion. Much of the local history of the area is in any case unformalized and semi-legendary.

The historical influences thus have no appreciable tendency toward unity in the area. Rather they tend to follow the lines of cultural fragmentation.

Varying colonial policies have also had an effect in producing various degrees of readiness to assume responsible autonomy. The local complications of the problem may be seen in British withdrawal

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from responsibility in Burma and their inability to do the same in Malaya. This depends upon the political consciousness of the local population, the availability of leaders, and their success in political organization; the transition, without suffering Communist subversion, has proven difficult.

#### D. Economic

Economically, this area remains in a state of "colonial exploitation," providing raw materials to the world economy and receiving in return manufactured goods, some capital investment, etc. Important products are tin, rubber, copra, lumber, petroleum, and rice. The last named is important regionally, as only three of the countries are normally good surplus areas, and at present only Thailand is importantly so; Burma and Indo-China have not been able to recover their pre-war export positions. India, Japan, and South China have also been dependent in the past on these historical surplus areas.

## II. POLITICAL UNITS

### A. INDOCHINA

Geography and Ethnology--The Associated States of Indo-China comprise Cambodia, Laos, and Viet-nam. Their formation into three constituent states restores the first two to their positions before French occupation; the latter was previously further divided into Tonkin, Annam and Cochinchina. This arrangement has not ended resentment for the French who, despite announced principles and goals, have not succeeded under present circumstances, in meeting local political demands.

Indo-China and Burma both have frontiers with China, in a generally mountainous and inaccessible region. It has not stopped Chinese and Mongol armies in the past, however, nor the extension of

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Chinese hegemony over local tribes in these areas. Past invasions, together with the monopolistic activities of Chinese merchants within the country, have made the Indo-Chinese anti-Chinese in general; it may be said that they are in general anti-everybody except themselves. Thus, several groupings have resulted, with their common objective of getting rid of or superseding the French varying only in means. The Communist Viet Minh is the most important and vocal, but not the only group.

Economy--The Indo-Chinese colonial economy has always been managed by the French in accordance with their rather strict principles of exploitation and profit for France. This has inhibited foreign investment other than French, and has limited the Indo-Chinese contribution to the Far East economy to the export of rice and some anthracite coal. Pre-war, rice was of great importance, and, with coal and rubber, could be of especial importance to Japan.

The potential of the Indo-Chinese contribution to the Far East economy is great. Within this potential and within the limits of the current political and military situation, economic aid should assist in increasing food production and export. The longer range objective should be considered as setting Indo-China in the perspective of a regional economy rather than that of a colonial appendage.

Politics--It is evident that the local regimes operating within the framework of the French Union have not progressed to the point of self-preservation in any sense except ethnically. The French effort to promote this progress, while at the same time preserving their own military control and over-all responsibility, has resulted in a dilemma; the Associated States have not emerged as units responsible enough to remove the stigma of "colonialism" and further relaxation of French responsibility will defeat itself by causing their collapse. The

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stature of Bao Dai, the Emperor, and of the local kings and other notables has not been such as to secure them acceptance among the local population or among neighboring foreign states. The other independent South East Asian countries, especially, regard these political figures as "puppets." This is an important obstacle to any regional political organization that might be considered. In the same way, the position of the Associated States and the French as defenders of the rest of the area, has not been recognized; there could, for example, be greater understanding of the preservation of cultural values in their anti-Communist fight.

Military--There is an increasing tendency among the French to blame their lack of success on the tardy delivery of American materiel. Regardless of the merits of the case, such accusations tend to publicize the prime nature of the American role in Indo-China and further to confess publicly French bankruptcy in a material sense. Following the death of Marshal De Lattre De Tassigny, French leadership has been somewhat disorganized. This has caused a deterioration in French-Vietnamese relations, a situation which must be corrected if the position of the Associated States is to improve vis-a-vis the French.

The development of indigenous military forces is a major problem. Their psychological orientation is probably more important than the equipment and training they need. The concept of nationality in the sense of responsible, patriotic, citizenship has not yet overcome traditional clannish allegiance.

Chinese influence is becoming paramount in the Communist movement in Indo-China. To make it effective, the Chinese must overcome native sentiment against them, a considerable job in view of past experience with the Chinese; one alternative is to keep such influence covert and indirect. This probability is one which offers some chance for pro-Western influence as a choice preferable to the Indo-Chinese.

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## B. THAILAND

Geography--Thailand's unique position (in SEA) in preserving its outward independence is the result largely of the desire by European colonial powers to maintain it as a buffer state. The historical accommodation of Thailand to outside pressures is well known, especially the somewhat devious course which they pursued during the Second World War.

Thailand is not directly exposed to Communist aggression as it does not have a common border with China, but the nature of the country and the ill-defined border with French Indo-China make it vulnerable to infiltration and even to use as an avenue of indirect attack on southern Indo-China.

The Thai people, a relatively homogeneous group in this seriously fragmented area, enjoy a comparatively high standard of living. This is due to their happy position as inhabitants of an area surplus in food production and productive of two raw materials--tin and rubber--in fairly continuous demand in the world market.

Politics--The Thai Government does not enjoy a favorable reputation. Internal politics are almost entirely in the hands of a small group of conniving and often venal upper-class politicians, and political contests are largely devoted to the securing of position and profit for one or another of the several cliques. For example, the recent proclamation of a state of emergency in Thailand has been interpreted not so much as recognition of any threat to the kingdom as the creation of further opportunities for graft and shake-downs. A favorite target of the Thai politicians is the Chinese community which controls to a large extent retail and export business. For this reason, there is in major centers, an anti-Chinese sentiment based on economic exploitation rather than the historical vassal status of Thailand in relation to the Chinese Empire.

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An improvement in administrative efficiency and honesty would increase the acceptability of Thailand among the independent nations of South East Asia. Domestically it would also assist in maintaining the political position of the ruling group in preventing a seizure of power by local Thai communists.

The Thais appear to the outside world to continue a sort of Gilbert and Sullivan existence without much relation to the political realities existing on the other side of their boundaries with Indo-China, Burma, and the Malay States. Thailand has, however, furnished both a battalion of infantry and naval forces to the UN Command in Korea. It is the only South East Asian country to do so and thus furnishes the only concrete evidence to date of any such country to face up to the military threat of communism. It appears that the neighboring independent countries interpret Thai policy as the result of American pressure. In this manner and by those standards, the Thai Government has debased its local reputation by purchasing American good will. Such a situation presents an obvious and important target for psychological action.

Economy--The Thai economy suffered relatively little from the war. It has continued in the post-war period to export substantial quantities of tin, rubber, and rice. Thus, the Thai Government has certain economic strength in relation to the South East Asian regional economy and as a potential supplier to their market for Japan.

C. BURMA

Politics--The Government of the Union of Burma has emerged as the least effective of the newly formed governments in ex-colonial areas. Aside from an important lack of technicians and experienced personnel in all aspects of management and administration, the Government's task has been complicated by the existence of a number of local movements, largely minority groups, seeking autonomy. Some of

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these rebellious minorities have been captured by the Communists; others appear to be genuine minority movements. The result, so far as Burmese government and economic position are concerned, has been almost disastrous. The agricultural and mineral exports of the Burmese economy have suffered to an alarming degree, alarming not only in terms of Burmese income but of supply of rice to the food deficit areas of the region, particularly India.

Relations with China--Burma's foreign policy has in general followed that of India in pursuing a "neutralist" attitude toward the East-West struggle. Since 1949 when the Chinese Peoples' Republic was founded, Burma has taken considerable pains not to offend its powerful neighbor to the north. There are several potential sources of dissension between the two; the most important is the still undefined border which might at any time become a pretext for Chinese Communist aggression or threat of aggression. To the extent that the Burmese are literally afraid of the Chinese Communists, American policy can best impress them by defeat of the Communists elsewhere. Korea in this context becomes an important psychological element. Almost equally important is the participation of local governments in anti-communist efforts with emphasis on the preservation and maintenance of their sovereignty and national aspirations.

Nationalism--It appears that the nationalist spirit in Burma is strong and that it is accompanied by the usual sensitivity to outside pressures. Despite its difficulties, the Government considers itself superior in a moral sense to those of Thailand and the areas still under "colonial" domination. It is this type of feeling which makes political and/or military collaboration among the South East Asian countries extremely difficult to achieve.

Undiscriminating pride in nationalism also allows an opening for the communist version; the communist facade must be effectively

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destroyed before such people as the Burmese may reasonably be expected to abandon communism as a hope for obtaining the desired nationalistic results.

Economy--The great importance of Burmese agricultural production is generally recognized. The restoration of Burmese rice exports to their pre-war level would be a major contribution to South and South East Asia. Economic aid programs cannot of themselves achieve this; political stability is the first consideration, resulting in the renewed cultivation of large tracts of paddy abandoned during the war and idle ever since.

D. MALAYA

Minorities--Malaya and Indo-China are the two areas in South East Asia most directly threatened by communism. The former is important in a geographical sense and economically because of its rubber and tin production. The minority problem in Malaya is especially acute because of the large numbers of Chinese (who in Singapore itself constitute a majority rather than a minority), and the addition of other non-indigenous elements such as Indians to the native Malayan population.

Guerrillas--The British administration and the local states which constitute the Malayan Federation have found communist guerrilla action nearly impossible to deal with because of terrain and because of the difficulty of securing the cooperation of the native population. The leadership of the communists is apparently Chinese as are the majority of the rank and file members, and it may be assumed that they take their orders from Peking rather than from Moscow. In any event, the Peking radio puts great emphasis on communist activities in Malaya and produces a great many sharp attacks on the British colonial administration.

Singapore itself has been relatively quiet even though the leaders of the overseas Chinese communities in Singapore have become sympathetic to the Communist regime in Peking.

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Politics--The British have proceeded as far as circumstances permit in popular elections and other political reforms to promote popular political responsibility. Due to the participation of the Malayan Branch of the Indian Congress Party, it will be interesting to observe the attitude of this group in an area directly affected by communist insurrection.

Economy--The strategic nature of Malayan exports make it of particular interest to the stockpiling policies of the United States. Accordingly, Malaya's economic conditions are at present subject to the influence of American stockpiling and price policy.

#### E. PHILIPPINE REPUBLIC

Relation to U.S.--The Philippines are of especial importance for U.S. policy because of the historic American interest in the area and because of the proximity of the Philippines to Japan. The latter consideration is supplemented by the nature of Philippine raw material production, especially minerals, which make it especially important to the Japanese economy. In a military sense, the maintenance of American air and naval strength in the Philippine Islands makes it a pivot of American military strength and policy in the Western Pacific. Communist efforts to undermine the authority and administration of the Government of the Republic serve to emphasize the strategic importance of the Philippines.

Politics--The Republic has, since its foundation on July 4, 1946, had considerable trouble in organizing an effective administrative system. Internal politics have provided illustrations of all the trials and tribulations arising out of the independence of the previous colonial territory. The conservative nature of the Philippine administration has ensured a pro-American orientation of Philippine policy but has not until recently been effective in dealing with the agrarian problems inherited from previous regimes.

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One of the aspects of Philippine independence most resented by Americans has been Philippine zealously in the application to foreigners of local licensing and control laws accompanied by an apparent discrimination in favor of Filipinos, notably those with good political connections.

Philippine politics in a system modeled on that of the U.S. have been to say the least spectacular in respect to the corruption and deals sometimes illustrated by American county or state level politics. This atmosphere has provided some grounds for popular discontent and is, in part, responsible for non-communist support of communist-led rebellion. It now appears that more able leadership and especially removal of corrupt influences from the Philippine armed forces will be largely successful in suppressing the Hukbalahap movement.

In spite of American political domination and strong economic influences for over forty years the cultural outlook of the Philippines retains an important Asiatic and Spanish element. Economically Spanish influence is still important; it is not accidental for instance that the major European terminus of the Philippine Airlines is Madrid. Especially since the war, English has become the prevalent urban language with Spanish of decreasing importance. Outside the major centers, however, the local languages, notably Tagalog, are the daily popular tongues. In the southern Philippines the presence of Moslem natives is an important link with the Mohammedan populations of the East Indies.

Economy--The Philippine economy has in general recovered from wartime damage and disruption. Exports of copra, hemp, and sugar have, in value but not in volume, exceeded their pre-war figures. Further explorations of mineral deposits have been made. It is worth noting that among the projects planned is the organization of a

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company to exploit iron deposits in Northern Luzon for export to Japan, which is already the most important of the Philippine's Asiatic customers. That this relationship has political connotations is to be seen in the result of the Filipino-Japanese reparations negotiations; it appears that the original Filipino claim will be modified to give them some form of reparations in goods and services instead of the cash payment first demanded.

F. INDONESIA

Geography and Ethnology--The Republic of Indonesia stretches through forty degrees of latitude (six more if Western New Guinea is included), and includes thousands of islands inhabited by some 75,000,000 people. They are of approximately a dozen principal stocks, speaking some sixty languages; the confusion is somewhat reduced by the general adoption of Indonesian (Malay) as a common language. An important group is Mohammedan, the remainder principally Buddhist or pagan. The most important non-Indonesian minority is Chinese.

Politics--This agglomeration of territory and peoples has been formed into a political unit largely on the strength of their common experience of and resistance to Dutch rule. There was in turn resistance from the Dutch to independence of their colony, which had proven immensely profitable. The political and military struggle from 1945 to 1949 has apparently finally convinced the Dutch of the impossibility of maintaining their position, and served only to confirm the Indonesians in their opposition to colonialism. There is still one important outstanding dispute between them, on the New Guinea matter; in all probability this will be satisfactorily settled, in the absence of inflammatory propaganda from the Indonesian side, due in part to the interest of other powers such as Australia, in the matter.

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This Republic, like others of the same kind, has suffered seriously from the lack of technical and administrative personnel. Considering the extent of territory to be administered, it is to the credit of the Indonesian Government that there have not been more rebellions and defections. Local dissatisfaction with the central government appears to have been kept to a minimum.

In the atmosphere of release from colonial status, it might be expected that Communism would have an appeal especially to youth and student groups; while this has been the case, Communism as a political influence has not become important so far. It appears not to have subverted to any great degree the prevailing spirit of nationalism.

Foreign Policy--Indonesian foreign policy has been one of "neutralism", with the objective of avoiding any compromise of its independent position, much like that of India. The force of this attitude has recently been illustrated by the resignation of the Cabinet over the issue of the acceptance by the Foreign Minister of American aid under the terms of the Mutual Security Act. At present, this is not a finished matter, and there is still time for developments which may have a bearing on the future course of Indonesian policy.

British and Australian interests are directly concerned with Indonesia, due to the close proximity of Malaya, and New Guinea and the Australian continent, respectively.

Economy--In spite of internal troubles, Indonesia's economic position has improved since the war. Its exports of rubber, tin, and copra have re-entered the world market in large quantities. Java is, however, a severely overpopulated area, having one of the highest densities of population in the area, and the Republic as a whole is a food deficit area. The absence of coal deposits is not compensated by

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the Sumatran and Borneo petroleum production. Much of the Indonesian capital equipment is of Dutch manufacture, one reason for continued economic relations with the Netherlands. It is to be expected that in the future Japanese trade with this area will become important, as Indonesia is in the same position as India, for example, in needing capital equipment replacements and additions as well as the type of light manufactured goods which Japan can produce for the world market, and for which Japan needs raw materials.

Like the Philippines, Indonesia is heavily reliant on inter-island water transport, as of course the entire South East Asian region is. It would be a mistake to think of such transport and trade solely in terms of the major commodities and materials entering world trade channels; in addition, such an area as Indonesia carries on a large internal trade which never appears in commercial statistics. This type of economic activity would be greatly improved with greater political stability, to the benefit of all concerned.

G. MINOR COLONIAL POSSESSIONS IN THE SOUTH EAST ASIAN AREA

The remaining miscellaneous political entities to be considered in South East Asia are the colonial possessions of Great Britain (North Borneo, Sarawak and Brunei), the Netherlands (Western New Guinea), Portugal (Portuguese Timor and its enclave), and the trust territories administered by Australia (Papua and New Guinea). The inclusion of the last named reflects the importance of the entire area to Australia and by extension to New Zealand and gives Australia a direct political responsibility therein. The threat to Australia arising out of unfriendly control of South East Asia has been thoroughly learned by the Australians as a result of Japanese attacks at the beginning of the war with Japan. It is evident that these island territories in general form a protective umbrella and prospective avenues of attack, from the Australian point of view, and hence of the utmost strategic

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importance. The Australian Government has continued a keen interest in the post-war developments in the Indonesian situation, as well as participating in the Colombo Plan for Co-operative Economic Development in South and South East Asia.

These several colonies remain in a raw material producing economy. The chief products are copra, rubber, and petroleum; in the last named, Brunei and Borneo have since the war greatly increased their production.

The addition of Portugal to the list of European powers concerned with the South East Asian problem makes no material change in relations with European problems inherent in this area. Timor is probably the least important of all the Portuguese colonies; it will be recalled that Japanese occupation of Timor did not result in Portuguese belligerency in the late war, although by the Agreement of Santa Maria, Portugal entered into a state of something less than complete neutrality as respects Japan, and was thereby able to reoccupy Timor. Reparations claims against Japan for damage suffered here have not been pressed.

### III. OVERSEAS CHINESE

General--The overseas Chinese populations in the South East Asia countries present a unique minority problem. As a generality, they have emigrated from the south and south east coastal regions of China purely for economic reasons. They have never been popular or entirely welcome in the areas where they have settled, even though some have arrived (especially in Malaya) as contract laborers in response to an acute economic need. They have not been assimilated into the local culture, partly because of their different natures, and partly because of the sense of cultural superiority on the part of the Chinese. Up to the present time, they maintain the regional groupings and allegiances derived from their places of origin, preserve their speech and

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institutions, with schools as an important instrument, and though they may never return as individuals to China, they consider themselves Chinese, and their home the place where their ancestors resided rather than their current domicile.

The practical results of this trait are resented; in particular the practice of remitting money to China rather than using it locally, when the money has been made locally, is disliked by those who consider themselves exploited by Chinese merchants. Evasion of local taxes has not endeared them to colonial administrators.

Communist Influence--The previous difficulties with the Chinese have assumed new importance with the split of China into Communist and Nationalist. The Communists have succeeded in converting several of the top regional leaders. This has had immediate repercussions all over South East Asia. For example, the Amoy group became pro-Communist. The last year has seen a gradual turn away from pro-Communist sympathies, however, due apparently to the purges and extortions in China.

Communist propaganda has had considerable success in appealing to the feeling of Chinese racial superiority in terms of progress in China, the emergence of Chinese power, etc., along with attacks on "imperialism", under varying forms of which the overseas Chinese have lived. Both of these approaches tend to estrange them further from the local communities and regimes.

The relations between the Chinese and local native Communists are not clear. In the specific case of Indo-China, an elaborate campaign has been started to convince the natives of the identification of the Chinese with their own objectives; at the same time Chinese schools, etc., are presumably training local overseas Chinese for participation in the local struggle. Acceptance by the natives of this "neighborly help" is a matter of some doubt.

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Local Chinese Controls--Burma and Indonesia have recognized the Chinese Communist regime, as has Ho Chih Minh's "government". The first two thus have Communist representation in their capitals, providing a means of direct influence on the local Chinese. Nonetheless, there appears to be no greater degree of approval of the Peking regime in these two places than elsewhere. The Nationalists have maintained a certain amount of allegiance through their own organizations, here as elsewhere throughout the area. Their official representatives have been handicapped by lack of funds and a division of authority and prestige deriving from the status and difficulties of their home Government. Nominally, a Chinese diplomatic representative has a control over his nationals which, if formally agreed by the other power concerned, would amount to extraterritoriality; in practice, such control is exercised through "Residents' Associations" in which the Embassy or Consulate holds the real power. These associations may operate extra-legally in some places. They generally operate schools and other cultural institutions, all aimed at preserving Chinese cultural values, and maintaining, through joint interest of the various regional groups, a common approach and action on matters of community interest. This system has broken down where important group leaders have defected to the Communists, who may set up rival schools, etc.

These associations also have a defensive character, in respect to the antipathy of the local people towards the Chinese. Chinese Chambers of Commerce, in a similar manner, may attempt to combat legislative or trade disabilities imposed on their members. The latter type of discrimination has been especially important in the Philippines and Thailand.

Political Status--Naturalization was generally not possible for Chinese in the various colonial territories, where the authorities were

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naturally more concerned with native populations vulnerable to Chinese economic exploitation (or perhaps trying to preserve the exploitation for the colonial power). It is now possible, in most places in the area, for Chinese to become naturalized citizens. In Malaya, for example, very few have exercised their option; this is probably the general pattern, for there is no reason to believe that the traditional Chinese attitude toward their foreign surroundings will have been importantly altered by the change in the post-war political climate. The overseas Chinese will thus remain an unassimilated cultural and racial minority, with a political potential that cannot be overlooked in any consideration of the area.

#### IV. THE RELATION OF SOUTH EAST ASIA TO JAPAN

Anti-Japanese Sentiment--The blame or credit to Japan for the nationalistic movements in South East Asia at the end of the war has already been mentioned. Of more real concern is the destruction of productive facilities during the war, and whatever residual resentment toward the Japanese may remain from the practical experience of Asiatic imperialism endured in common by all these peoples. It is noticeable that such resentment is greater on the part of colonial administrators than on the part of the newly independent governments; for example, the British in Malaya have not yet granted any entrance permits for Japanese, and the French in Indo-China view Japanese trade overture, however preliminary, with suspicion. It is possible that identification with fellow-Asiatics may account for the comparative lack of resentment felt by natives of the region. Overseas Chinese communities may well feel a stronger resentment. There is some professional politician-type, anti-Japanese feeling, as for example, the inevitable charge against Jose Laurel of having been a Japanese puppet, raised by his more virtuous Filipino opponents. The popular appeal of

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such maneuvers is based more on nationalism than on anti-Japanese sentiment. It must be kept in mind that the defeat of Japan removed any real or imaginary Japanese threats, and that the resurrection of Japan as a political force, with an impact on the economy of each of the countries in the region, will revive to varying degrees fear of Japan.

Peace Treaty Repercussions--Developments regarding the US-sponsored Japanese peace treaty reveal some differences of opinion toward Japan, or perhaps more accurately, toward US policy in respect to Japan. There appears to be general acceptance of the non-punitive approach to the peace question, while rearmament is more controversial. The reason for the latter is probably concern at the re-creation of an Asiatic power, backed by the US. Under present circumstances, such a power becomes a rival to the Communist position recently extended over the Asiatic mainland and now bordering Burma, Indo-China, Nepal, and Pakistan. This opposition of power may be seen as re-establishing the former Russo-Japanese rivalry, now extended in space to the frontiers of South East Asia, and perhaps more importantly, brings to their door-steps the East-West conflict until now observed in Europe but not directly participated in.

Prior to Communist aggression in Korea, the security demands of the Republic of Korea, the Philippines Republic and the Chinese Nationalist Government met with no response in South East Asia. The US-UN policy developments since June 25, 1950 have in effect confirmed these demands, though the only South East Asian country directly active is Thailand. The series of treaties of which the Japanese peace treaty is the chief, formalizes a new state of relationships in the entire Far East, with the power vacuum to be filled by Japan. Each country in South East Asia will inescapably feel the effects of this state of affairs, as it alters their relative power positions.

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It is still doubtful whether they feel any immediate threat from Soviet Communism, in spite of the insurrections in Indo-China and Malaya, preferring to see them as justifiable anti-colonial, nationalistic movements such as they have themselves experienced. It is indubitable, however, that the facts of power rather than sentiment about others, will oblige them to reconsider their positions.

It appears probable that reconsideration, starting from a feeling of dismay regarding Japanese rearmament, will arrive at questioning of the "neutralist" position currently fashionable, assuming that there is acceptance of the non-Communist position regarding Japan. At the least, its effects are such as to make neutralism difficult, and its review may well have the effect of concluding that it will be impossible to maintain it as a permanent fixture. There is apt to be considerable agony in this process, since it means giving up an obvious and prized appurtenance of independence. If this view of policy evolution is correct, then the less pushing that the US or others do, the better; by the same token, the more blame that Communist imperialism gets, the better it is.

Economic Considerations--Economics as well as strategy motivated Japanese expansion towards South East Asia, to include it in their "Greater East Asia Co-Prosperity Sphere". The raw material potential of the area will be more impressive and attractive with the elimination of trade with the Chinese mainland. Such trade, to reach proportions valuable to a Japanese economy heavily dependent on the rapid expansion of foreign trade, will require capital. Pre-war Japanese investments in the area have been physically destroyed and/or expropriated by belligerent governments, and the process of capital formation in Japan proper will be too slow to finance the volume of trade, including shipbuilding, etc., immediately desirable. It appears that this is a range of activity in which US economic aid could be put to good use. On the assumption

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that competition with other suppliers will result in a lowering of Japanese prices to world market levels (they are currently priced somewhat above those levels), and that there will be no pre-emptive or monopoly practices by the Japanese making them politically unacceptable, the exchange of goods would be mutual beneficial.

Specifically, Japan's major needs are for anthracite coal from Indo-China, tin and rubber from Malaya, Indonesia and Thailand, iron ore from the Philippines, petroleum products from Indonesia and Borneo, and, of great importance to Japan, rice from Burma, Thailand, and Indo-China. The availability of several of these things obviously depends on political stability in the producing regions, at least in quantity adequate to meet world demands. The short supply of food and the resulting competition for what is available makes for political considerations in its division. For example, the Japanese have recently caused some dismay by their successful high bid on rice auctioned by the Burmese Government; their bid was high enough to take the entire quantity, an action resented by the other bidders, India, Malaya, and Ceylon. (The Japanese were presumably able to do so because of their strong sterling position, for which they have little use.) This situation emphasizes the great political importance of restoring the productive capacities of the region, so as to contribute to the greatest possible degree to the single greatest need of the majority of the countries here considered--sufficient food.

Japan would be expected to export to the countries of South East Asia much the same manufactured goods and capital equipment as in the past, including also the bottoms to carry the trade. It will be apparent that most of these goods are the same as those supplied (if they are at all) by European and American industry. The objective in developing Japanese trade should be to expand the present market rather than to replace those already trading in it, but under present

  
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circumstances, Japanese expansion is certain to meet with resentment and probably discriminatory practices designed to protect existing relationships, i.e., European cartel arrangements, with which Japanese industry has presumably severed contacts during the Occupation.

For several of the mineral and agricultural products of South East Asia there is a competitive US interest, expressed in national stockpiling and price policies. Some of these products, notably rubber and tin, have been and may again be in world short supply. When that occurs, and in the absence of alternative sources of supply, prices and allocations have been handled on a government level. Japan is at present not in a strong bargaining position internationally, without US backing, which would be necessary to ensure supplies to her.

#### V. THE PROBLEM OF COOPERATION AMONG THE SOUTHEAST ASIAN COUNTRIES

Anti-Colonial and Nationalism--Cultural and historical diversity, political incompatibility, and the absence of any cohesive force among the countries of Southeast Asia make cooperation among them difficult. It is difficult even to isolate a single common influence which would tend to motivation into a common direction, though anti-colonialism is probably the nearest to it. In the absence of complete freedom from European colonial status, the principal effect of this strong feeling is to increase resentment towards the European countries involved, and by extension to the US. Nationalism has something of the same negative aspect, but does have the virtue of being generally positive, and of presenting a possible strong tie with the South Asian countries, especially India.

The adoption of nationalism as a rallying point runs the obvious danger that Communist use of the term may prove to have a stronger appeal, or that the latter will simply engulf the former by a greater physical output. At a minimum, therefore, anti-Communist propaganda

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would have to accompany such a campaign, with the objective of showing the basically anti-national character of Soviet-Communist imperialism.

Indian Influence--The substitution of a principal force in a national sense, in this case India, in place of the US, as a catalyst, needs careful consideration. As to acceptability by the SEA countries that appears quite probable; Indian leadership in some regional politics is already a matter of practice. The element of danger to US policy objectives lies in possible major divergence from them by India, which is already firmly committed to Nehru's "non-alignment" policy. This means that US policy must recognize the impracticability of advocating an immediate change of Indian attitudes in either direction, though as a longer range objective, alignment of India on the free world side should be kept in mind. Acquiescence in current Indian policy involves US relations with Pakistan and Ceylon as well, and should not imply or cause friction in those areas. The Moslem populations of Indonesia and the Philippines require harmony with Pakistan as well as with India.

It will be recognized that a grouping of the newly independent states and of the remaining colonial territories involved problems of adjustment, as for example acceptability by India of several of them. It would not result in a concentration of military or economic power, but rather would adapt to the exigencies of the situation the moral force of the remaining free Asian world. It would also require Indian re-appraisal of its relations with the Chinese Communist regime, if the proposed association with the other nations in the area implies recognition of Chinese aggression in Indo-China or elsewhere. This is probably the single greatest problem, from the Indian point of view. The answer would result from the balancing of, on the one hand, the Indian concept of joint Sino-Indian hegemony in Asia, and on the other, the threat to India and the states within its

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metaphysical empire by Communism. It now seems probable that the result, in terms of Indian political objectives, would be the latter, although it contains the danger that acceptance would be only partial, i.e., it might reject Indo-China and Thailand, and perhaps Malaya, as ineligible for the company of the rest. The Philippines need not be considered here because of its existing military relationship with the US.

Economy--The immediate aim of a regional association of states in the South and Southeast Asian areas might well be economic. Statistics bring out clearly the fact that as a generality the standard of living there is lower than it was before the war; a rising population further complicates the tremendous job of rehabilitation and reconstruction as yet incomplete. One of the points of all existing economic aid programs, regional interdependence and local production and supply of more consumer goods, should be emphasized.

#### VI. THE CHINESE THREAT TO SOUTH EAST ASIA

The historical relation of the South East Asian countries to China has already been mentioned. It is worth noting that the pattern of Chinese expansionism may now repeat itself; in the past it has almost always been during the first vigorous years of new dynasties that Chinese land frontiers have been pushed farther. The parallel of the Chinese Emperor's suzerainty over Tibet with recent Communist re-occupation and effective control of that country can hardly be missed by the neighbors of both. It is ironic that Burma, Indo-China and Thailand, once vassal to the Emperor, and later increasingly subject to European domination as Chinese power declined, should become "independent" at just the time when Chinese power is reasserted. In a sense, the outcome of the prolonged struggle for power in China proper restores the South East Asian countries to the position of prospective

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satellites of China; at least, such an attitude on the part of natives of the region would have a sound historical basis.

Mention has also been made of the position of overseas Chinese communities, which for such countries as Malaya and Indonesia, free from past Chinese political control, keep local peoples and governments aware of developments in China. Thus there is general awareness of China; whether the Communist character of the Peking regime changes their concept of the threat from China is, however, open to question.

For the entire region, Chinese Communist propaganda presents China as the leader of the purely Asiatic "revolution", and as elder brother of the struggling but unliberated masses of Asia. The blatant propaganda sound of this sort of thing, to Americans, should not overshadow the fact that it does have an effect in Asia. The skillful adoption of the appeal of "nationalism" further strengthens its effect, as it did very successfully in China, at the same time tending to discount a repetition of Chinese imperialism.

To date, the Chinese Communists have been careful not to intervene openly in the affairs of countries to the south; they have taken pains to ridicule American and other allegations that they have intervened or are going to. While there are a number of good reasons why they have done so, undoubtedly the best is that there is no need for it--the local Communists are doing very well as it is. It is notable that the much publicized presence of General Li Mi's KMT troops in northern Burma has provoked only anti-American propaganda blasts from Peking; as a contrast, increased American aid to the French in Indo-China has resulted in further Chinese Communist assistance to Ho Chi Minh's forces, though without overt Chinese participation.

In like manner, the analogy to Korea strongly suggests that the chances of overt Chinese Communist participation vary directly with

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Western pressure, notably American. It also seems probable that when and if such intervention occurs in South East Asia, it will follow the Korean pattern--"aid Korea, resist America, save the fatherland". Interrogation of early CCF POW's indicated clearly that these and other slogans were rationalizations invented after the political decision to intervene. Successes by local anti-Communist government present the Chinese with a more difficult political and propaganda problem, both domestically and externally.

The agricultural and mineral resources of South East Asia are obviously as great a prize to China as they are to the rest of the world. Indications of drought and food shortage this year in China emphasize the strategic value of rice especially.

The relation to South East Asia of the Sino-Soviet Treaty of February 1950 is problematical. The second sentence of Article I (in the Cominform's translation) reads: "In the event of one of the Contracting Parties being attacked by Japan or States allied with it and thus being involved in a state of war, the other Contracting Party will immediately render military and other assistance with all means at its disposal". It appears possible to interpret this sentence as meaning that the treaty could be invoked if the Chinese Communists (and the Kremlin) chose to consider that China had been attacked by any signatory of the US-sponsored peace treaty. Japan obviously need not be one of the attackers, nor is the geography of the "attack" delimited by the passage. Such an interpretation raises, for such countries as Burma and India, the possibility that acceptance of the US treaty with Japan may, given certain political considerations, result in invoking the Sino-Soviet treaty against them.

There is little doubt of Chinese Communist military capabilities in respect to South East Asia; they have the manpower, and apparently have

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the equipment to go with them. Their intelligence is excellent, as is also their internal political discipline, so far as it can be judged from here, so that there is not apt to be any large scale military adventurism in the nature of border forays. In general, their position may be summarized as militarily capable of effective intervention in a deteriorating situation as in Indo-China; they have in the meantime and as part of their campaign, proceeded to try to neutralize the natural native opposition to them, and to prepare their own population as well as those of South East Asia to open intervention if it should become unavoidable. This is carried on at the same time as their military-economic support of the Indo-Chinese Communists, with whom a direct tie now exists; this brings in, one step removed, Soviet imperialism.

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